

Title 4, California Code of Regulations, Division 18

Chapter 2.2. Gambling Businesses: Registration; Licensing.

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Article 1. Definitions and General Provisions

Section 12220. Definitions.

- (a) Except as otherwise provided in subsection (b), the definitions in Business and Professions Code section 19805 shall govern the construction of this chapter.
- (b) As used in this chapter:
 - (1) “Additional Badge” means a badge issued by the Commission pursuant to Section 12220.6 which authorizes an individual registrant or licensee to be simultaneously employed by more than one primary owner.
 - (2) “Applicant” means an applicant for registration or licensing under this chapter, including in the case of an owner that is a corporation, partnership, or any other business entity, all persons whose registrations or licenses are required to be endorsed upon the primary owner’s registration or license certificate.
 - (3) “Authorized player” means an individual associated with a particular primary owner whose badge authorizes play in a controlled game on behalf of the primary owner, including the primary owner, all other owners, all supervisors, and all players. Only authorized players may perform the functions of a supervisor or player.
 - (4) “Badge” means a form of identification issued by the Commission identifying a registrant or licensee.
 - (5) “Bureau” means the Bureau of Criminal Identification and Information of the California Department of Justice.
 - (6) “Commission” means the California Gambling Control Commission.
 - (7) “Deadly weapon” means any weapon, the possession or concealed carrying of which is prohibited by Penal Code section 12020.
 - (8) “Division” means the Division of Gambling Control in the California Department of Justice. Information that this chapter requires to be sent to the Division shall be submitted in writing to the Sacramento office of the Division.
 - (9) “Executive Director” means the Executive Director of the Commission.
 - (10) “Funding source” means any person that provides financing, including but not limited to loans, advances, any other form of credit, chips, or any other representation or thing of value, to an owner- registrant or owner-licensee, other than individual registrants under Subsection (d) of Section 12221 or individual licensees. “Funding source” does not include any federally or state chartered lending institution or any of the following entities that in the aggregate owns at least one hundred million dollars (\$100,000,000) of securities of issuers that are not affiliated with the entity:
 - (A) Any federally-regulated or state-regulated bank or savings association or other federally- or state-regulated lending institution.

- (B) Any company that is organized as an insurance company, the primary and predominant business activity of which is the writing of insurance or the reinsuring of risks underwritten by insurance companies, and that is subject to supervision by the Insurance Commissioner of California, or a similar official or agency of another state.
 - (C) Any investment company registered under the federal Investment Company Act of 1940 (15 U.S.C. sec. 80a-1 et seq.).
 - (D) Any retirement plan established and maintained by the United States, an agency or instrumentality thereof, or by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees.
 - (E) Any employee benefit plan within the meaning of Title I of the federal Employee Retirement Income Security Act of 1974 (29 U.S.C. sec. 1001 et seq.).
 - (F) Any securities dealer registered pursuant to the federal Securities Exchange Act of 1934 (15 U.S.C. sec. 78a et seq.).
 - (G) Any entity, all of the equity owners of which individually meet the criteria of this paragraph (10).
- (11) “Gambling business,” except as otherwise provided in this paragraph, means a business enterprise that engages the services of employees, independent contractors, or both to participate in the play of any controlled game in a gambling establishment that has a rotating player-dealer position as permitted by Penal Code section 330.11. “Gambling business” also refers to the conduct of such a business enterprise in a gambling establishment. “Gambling business” does not, however, include the provision of proposition player services subject to Chapter 2.1 (commencing with Section 12200) of this title.
- (12) “Gambling Control Act” or “Act” means Chapter 5 (commencing with Section 19800) of Division 8 of the Business and Professions Code.
- (13) “License” means a license issued by the Commission pursuant to article 3 of this chapter.
- (A) There are four license categories entitling the holder to operate a gambling business:
 - 1. Primary owner,
 - 2. Owner,
 - 3. Supervisor, and
 - 4. Player.
 - (B) All “other employees” (as defined in this section) of the primary owner who are present in the gambling establishment during the conduct of the gambling business shall be licensed as “other employee” and shall be required to submit an application and be

approved or denied based upon the same criteria that apply to a player.

- (C) A primary owner and an owner may also perform the functions of a supervisor or player, and the holder of a supervisor's license may also perform the functions of a player.
 - (D) No licensee, other than an owner, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play of a controlled game.
- (14) "Licensee" means a person having a valid license.
 - (15) "Organization chart" means a chart that identifies the names and titles of all owners, as defined in section 12220, supervisors, and any persons having significant influence over the operation of gambling business; the percentage of ownership, if any, held by each identified individual or entity; the reporting relationship for each identified individual or entity; and the job title and number of persons in each of the job titles that report to each individual or entity identified on the organization chart.
 - (16) "Other employee" means an individual employed by a primary owner who is not authorized to serve as a player. "Other employee" does not include any owner, any supervisor, or any officer or director of a primary owner that is a corporation. An individual registered or licensed as an "other employee" may not function as a player unless and until that individual applies for and obtains registration or licensure as a player.
 - (17) "Owner" includes all of the following:
 - (A) A sole proprietor, corporation, partnership, or other business entity that provides or proposes to conduct a gambling business,
 - (B) Any individual specified in Business and Professions Code section 19852, subdivisions (a) through (h), and
 - (C) Any funding source.
 - (18) "Player" means an individual employed by or an independent contractor engaged by a gambling business to participate in the play of any controlled game in a gambling establishment.
 - (19) "Playing Book" means a record documenting each session of play by an individual player.
 - (20) "Primary Owner" means the owner specified in subparagraph (A) of paragraph (17) of this subsection.
 - (21) "Rebate" means a partial return by an authorized player of chips or money to a patron who has lost the chips or money to the authorized player through play in a controlled game at a gambling establishment.
 - (22) "Registrant" means a person having a valid registration.
 - (23) "Registration" means a registration issued by the Commission pursuant to this chapter.

- (A) There are four registration categories entitling the holder to participate in the operation of a gambling business: primary owner, owner, supervisor, and player.
 - (B) All other employees of the primary owner who are present in the gambling establishment during the operation of the gambling business shall be registered as “other employee,” and shall be required to submit an application, which application shall be approved or denied based upon the same criteria that apply to a player.
 - (C) A primary owner and an owner may also perform the functions of a supervisor or player, and the holder of a supervisor’s registration may also perform the functions of a player. No registrant, other than an owner, supervisor, or player, may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play as part of the operation of a gambling business.
- (24) “Reinstatement Badge” means a badge issued by the Commission to a player, a supervisor, or an “other employee” pursuant to Section 12220.6 which authorizes an individual registrant or licensee who has ceased to be employed by a primary owner to return to work for that primary owner.
 - (25) “Session of play” as used in Section 12220.13 (“Playing Book”) means a continuous work shift performed by a player.
 - (26) “Supervisor” means an individual who, in addition to any supervisory responsibilities, has authority, on behalf of the primary owner, to provide or direct the distribution of currency, chips, or other wagering instruments to affiliated registrants or licensees who are authorized to play.
 - (27) “Supplemental information package” means all of the documentation and deposits required by each of the following forms (which are hereby incorporated by reference) to be submitted to the Commission in response to a summons issued by the Division pursuant to Section 12225.1.
 - (A) Owners, as defined in Section 12220, that are a natural person shall complete the form Level III Supplemental Information-Individual (DGC-APP. 034A, New 08/04) for a level III investigation.
 - (B) Owners, as defined in Section 12220, that are not a natural person shall complete the form Level III Supplemental Information-Business (DGC-APP. 034B, New 08/04) for a level III investigation.
 - (C) Supervisors, as defined in Section 12220 shall complete the form Level II Supplemental Information (DGC-APP. 033, New 08/04) for a level II investigation.
 - (D) Other employees, independent contractors, and players shall complete the form Level I Supplemental Information (DGC-APP. 032, New 08/04) for a level I investigation.

- (28) “Transfer Badge” means a badge issued by the Commission pursuant Section 12220.6 which authorizes an individual registrant or licensee to work as an employee or independent contractor for a subsequent primary owner after having ceased to work for an initial primary owner.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.1. Certificate.

- (a) The Commission shall issue a registration or license certificate with an expiration date, as applicable, to each primary owner.
- (b) The Commission shall endorse upon each certificate the names of all other owners affiliated with the primary owner.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.3. Badge.

- (a) All individuals registered or licensed as primary owners, owners, supervisors, players, or other employees of the primary owner shall wear in a prominently visible location a numbered badge issued by the Commission when present in a gambling establishment during the operation of the gambling business.
- (b) A badge authorizing play in a controlled game shall be of a distinctly different color than a badge which identifies a registrant or licensee, but does not authorize play. If an individual ceases to be employed by or affiliated with a particular primary owner, that individual shall surrender his or her badge to the primary owner. The primary owner shall notify the Commission and the Division in writing within ten (10) days of the change in status using Change in Status Form for a Gambling Business Registration (CGCC-541, Rev. 09/04), which is hereby incorporated by reference; with this form, the primary owner shall submit the registrant’s or licensee’s badge.
- (c) The words “GAMBLING BUSINESS PLAYER REGISTRANT,” “NON-PLAYER GAMBLING BUSINESS REGISTRANT,” “GAMBLING BUSINESS PLAYER LICENSEE,” or “NON-PLAYER GAMBLING BUSINESS LICENSEE” in capital letters shall be prominently displayed on the front of the badge. The first name of the registrant or licensee shall appear on the front of the badge. The full name of the registrant or licensee shall be printed on the reverse side of the badge, together with the registrant’s or licensee’s category of registration or licensing as an owner, supervisor, player, or other employee.
- (d) On the front of the badge, there shall be displayed the picture of the registrant or licensee submitted with the application, the badge number, and expiration date. On the front of the badge, there shall be displayed the name of the primary owner employing the registrant or licensee, which shall be the fictitious business name,

if any, established pursuant to Chapter 5 (commencing with Section 17900) of Part 3 of Division 7 of the Business and Professions Code.

- (e) Upon renewal of each registration and upon issuance of each registration or license, authorized players shall be issued a badge of one color; individuals not authorized to play shall be issued a badge of a distinctly different color. Any non-player badge issued prior to July 1, 2004, shall be re-issued upon renewal pursuant to subsection (b), so that each registrant receives either a player or non-player badge.
- (f) An individual registered or licensed as a player with a particular primary owner shall apply for and obtain a new badge pursuant to Section 12220.6 before beginning to work for an additional or different primary owner.
- (g) Registrations, licenses, and badges are specific to the primary owner. A gambling business cannot be operated without first applying for and obtaining a registration, license, or badge.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.5. Replacement of Badge.

- (a) Upon submission of a request, the Executive Director shall issue a replacement badge if all of the following conditions are met:
 - (1) The requester has a current valid registration or license.
 - (2) The request is complete and has been submitted on the form Request for Replacement Gambling Business Badge (CGCC-538, New 06/04), which is hereby incorporated by reference.
 - (3) The requester has supplied all of the following to the Commission:
 - (A) A nonrefundable twenty-five dollar (\$25) fee payable to the Commission.
 - (B) The category of the position and information concerning the primary owner for which the replacement badge is requested: the name of the primary owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).
 - (C) A statement under penalty of perjury that a replacement badge is needed due to a name change or to loss or destruction of the originally issued badge.
- (b) A replacement badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.
- (c) Upon issuance of the replacement badge, the previously issued badge for that gambling business shall become void and shall not be used.
- (d) Replacement badges shall be issued by the Commission within seven (7) days of receipt of a completed request.

Authority: Sections 19811, 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section and 19853(a)(3), Business and Professions Code

Section 12220.6. Transfer or Reinstatement of Player Registration or License; Issuance of Additional Badge.

- (a) Upon submission of a request, the Executive Director shall issue a player transfer badge, reinstatement badge, or additional badge if all of the following conditions are met:
 - (1) The requester has a currently valid registration or license.
 - (2) The request is complete and has been submitted on the form Request for an Additional/Transfer/Reinstatement of Gambling Business Registration/License (CGCC-539, Rev. 09/04), which is hereby incorporated by reference.
 - (3) The requester has supplied all of the following to the Commission:
 - (A) A nonrefundable one hundred and twenty-five dollar (\$125) fee payable to the Commission.
 - (B) The names as applicable of the current and future primary owner, or previous owner or additional owner, mailing address, voice telephone number, facsimile number (if any), and email address (if any).
- (b) A badge issued pursuant to this section shall be valid during the unexpired term of the previously issued registration or license.
- (c) Upon issuance of the transfer badge, the previously issued badge shall become void and shall not be used.
- (d) Transfer, additional, and reinstatement badges shall be issued by the Commission within seven (7) days of receipt of a complete request.

Authority: Sections 19811, 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.13. Playing Book.

- (a) The primary owner shall be responsible for assuring that its players maintain accurate, complete, and up-to-date playing books for all sessions of play worked in conformity with regulations of the Commission. The information in the playing-book record shall be transferred to the primary owner, or a supervisor designated by the primary owner at the end of each session of play. The primary owner shall maintain this information in English at a single location in the State of California, and shall maintain the original playing book records in the State of California for at least five (5) years. The location or locations where the records of this information and the original playing book records are maintained, and any change therein, shall be disclosed to the Commission and Division by written

notice, mailed or delivered within five (5) business days after establishing or changing such a location.

- (b) The playing book shall be prepared and maintained as follows:
 - (1) The playing book form shall be reviewed and approved or disapproved by the Division during the review of the primary owner's registration or license application.
 - (2) Each form in the playing book shall be recorded in ink and include, but not be limited to, the following information:
 - (A) Sequential numbers. Any unused form shall be voided and maintained in the playing book.
 - (B) The name of the gambling establishment where play occurred.
 - (C) The date and approximate time when play occurred.
 - (D) Beginning and ending balances.
 - (E) Individual identification of all fills and credits affecting the balance.
 - (F) The printed full name and badge number of the player, which includes owners, supervisors, and/or players.
 - (G) The table number assigned by the gambling establishment.
 - (H) The specific name of the Division-approved gaming activity.
 - (I) The name of the primary owner.
 - (3) The form for each session of play shall be time-stamped, dated, and signed under penalty of perjury by the person who prepared it and shall include a declaration in the following form: "I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct."

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19805 and 19853(a)(3), Business and Professions Code

Section 12220.14. Organization Chart and Employee Report.

- (a) No later than September 1, 2004, each registered or licensed primary owner shall submit a current organization chart and a listing of all employees and independent contractors to the Division and the Commission. The listing of employees and independent contractors shall be submitted on the form Gambling Business Employee and Independent Contractor Report (CGCC-540, Rev. 09/04), which is hereby incorporated by reference.
- (b) Upon renewal of the registration or license, each registered or licensed primary owner shall submit an updated organization chart and a listing of all employees and independent contractors to the Division and the Commission.
- (c) The primary owner shall notify the Division and the Commission in writing within ten (10) days of any change to its ownership structure.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.15. Transfers and Sales.

- (a) . If any registered or licensed owner wishes to sell in whole or in part any ownership interest to any unregistered or unlicensed person, the owner must first notify the Commission in writing to request approval of the transaction. The transferee must apply for and be approved as a registrant or licensee. Evidence of the transferor's agreement to transfer the interest and, if applicable, the proposed articles of incorporation, shall accompany the application for registration or licensing.
- (b) The effective date of the sale shall be at least 90 days after receipt of the application, or such other shorter time period as shall be set by the Executive Director with the agreement of the applicant.
- (c) Evidence of final execution of a transfer or sale of an interest to a registered or licensed person shall be submitted in writing to the Commission within ten (10) days of the final transaction.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.16. Inspections and Investigations.

- (a) When requested by a representative of the Division, a registrant or licensee shall immediately permit the Division representative, in accordance with the request, to inspect, copy, or audit all requested documents, papers, books, and other records of the registrant or licensee related to the gambling business. If the records are maintained in electronic form and the registrant or licensee is requested to do so, the registrant or licensee shall provide a printed copy in English pursuant to this section within 24 hours of the request.
- (b) If requested in writing by the Executive Director, the Division shall conduct an inspection or investigation of a registrant or a licensee. Within 30 days of receipt of the request, the Division shall advise the Executive Director in writing of the status of the inspection or investigation and shall also provide an estimated date on which the inspection or investigation may reasonably be expected to be concluded. Upon completion of the inspection or investigation, the Division shall provide a final written report to the Executive Director.
- (c) Nothing in this chapter precludes Commission staff from carrying out their duties under applicable statutes and regulations.
- (d) All records required by this chapter shall be maintained in English, in California, for at least five (5) years.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.17. Emergency Orders.

Registrants and licensees under this chapter shall be subject to emergency orders under Business and Professions Code section 19931.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.18. Revocation.

The Commission may revoke a registration or license, upon any of the following grounds, after a hearing conducted pursuant to the same procedures applicable to the revocation of a gambling establishment license:

- (a) The registrant or licensee committed, attempted to commit, or conspired to commit any acts prohibited by the Gambling Control Act or this chapter.
- (b) Any act or omission by the registrant that would disqualify the registrant from obtaining registration under this chapter. Any act or omission by the licensee that would disqualify the licensee from obtaining licensing under this chapter.
- (c) The registrant or licensee engaged in any dishonest, fraudulent, or unfairly deceptive activities in connection with controlled gambling, including any violation of laws related to cheating.
- (d) The registrant or licensee failed or refused to comply with the requirements of Section 12200.16 (Inspections and Investigations).
- (e) The registrant or licensee failed or refused to comply with the requirements of Section 12200.14 (Organization Chart and Employee Report).
- (f) The registrant or licensee concealed or refused to disclose any material fact in any inquiry by the Division or the Commission.
- (g) The registrant or licensee committed, attempted, or conspired to commit any embezzlement or larceny against a gambling business registrant or licensee or proposition player registrant or against a holder of a state gambling license, or on the premises of a gambling establishment.
- (h) The registrant or licensee has been lawfully excluded from being present upon the premises of any licensed gambling establishment for any reason relating to cheating or any violation of the Gambling Control Act by the registrant or licensee.
- (i) The registrant or licensee buys or sells chips other than to or from the house, except for exchanging with a patron chips of one denomination for chips of another denomination.
- (j) The registrant or licensee lends money or chips to gambling establishment patrons or proposition players, except for exchanging with a patron chips of one denomination for chips of another denomination.
- (k) The registrant or licensee made wagers that were not specifically authorized by the game rules approved by the Division.

- (l) Any owner knowingly permitted one or more of the owner's supervisors or players to commit any act described in subsections (a) to (k), inclusive.
- (m) Any owner knew, or failed to implement reasonable oversight procedures that would have apprised the owner, that one or more of the registrants or licensees was in violation of one or more provisions of this chapter or of the Gambling Control Act and failed or refused to take action to prevent the recurrence of the violation or violations.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.20. Annual Fee.

- (a)
 - (1) No later than September 1 of each year, beginning September 1, 2004, each registered primary owner shall submit to the Commission the annual fee set forth in subsection (c) of this section, based on the total number of registrations or licenses affiliated with the primary owner on the immediately preceding August 1. The payment due September 1 of each year shall be based on the total number of registrations affiliated with the primary owner on August 1 of that same year.
 - (2) For each licensed primary owner, the annual fee shall be assessed based upon the total number of licenses affiliated the primary owner 120 days prior to the renewal due date.
- (b) Within 30 days of approval of any request to convert a registration to a license, the Commission shall notify the licensee of any additional fees owed for the term of the license granted, allowing pro rata credit on a monthly basis for any annual fee paid in connection with a registration that has not expired.
- (c) The annual fee shall be computed as follows:
 - (1) Beginning September 1, 2004, each primary owner shall pay the annual sum of two thousand fifty dollars (\$2050) per registrant or licensee. This fee shall be retroactive to September 1, 2004. Any overpayment of fees previously paid that cannot be applied against an installment payment which is due shall be credited against the following year's annual fee obligation, unless the primary owner no later than February 1, 2005 submits a written refund request to the Executive Director.
 - (2) Beginning September 1, 2005, each primary owner shall pay the annual sum of two thousand three hundred dollars (\$2300) per registrant or licensee, less any applicable credit that may apply from subsection (c)(1) of this section.
 - (3) Beginning September 1, 2006, and thereafter, each primary owner shall pay the annual sum of two thousand eight hundred dollars (\$2800) per registrant or licensee, less any applicable credit that may apply from subsection (c)(1) of this section.

- (d) (1) The annual fee for each registered primary owner may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments prior to August 1 of that same year. Upon approval by the Executive Director, installment payments submitted prior to licensure shall be made as follows: one-third of the annual fee to be submitted no later than September 1, one-third no later than December 1, and the balance no later than March 1.
- (2) The annual fee for each licensed primary owner may be paid in installments. The primary owner must submit a written request to the Executive Director to make installment payments 120 days prior to the expiration of the license. Upon approval by the Executive Director, installment payments submitted after conversion to licensure shall be made as follows: one-third of the annual fee to be submitted prior to issuance of the license, one-third to be submitted three months thereafter, and one-third to be submitted six (6) months thereafter.
- (e) Refunds shall not be available in the event of a subsequent decrease in the number of registrants or licensees upon which the annual fee payment was based.
- (f) (1) Following assessment of the annual fee, if the primary owner increases the number of its registrants or licensees above the number upon which the annual fee assessment was based, the primary owner shall submit to the Commission both the required application fee for the additional registrants or licensees and the additional per player fee set forth in subsection (c) of this section. No new badges shall be issued until all fees required by this subsection have been received by the Commission.
- (2) Annual fees due under this subsection (f) shall be prorated on a monthly basis.
- (3) Annual fees due under this subsection (f) may be paid in installments, on the conditions that the installment payment request is submitted in writing, that one-third of the fees are paid with the application for additional registrants or licensees, and that two subsequent equal payments are paid at reasonable intervals prior to expiration of the applicable term, subject to the approval of the Executive Director.
- (g) No renewal application shall be approved by the Commission until any delinquent annual fees have been paid in full.

Authority: Sections 19801, 19811, 19823, 19824, 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19853(a)(3), 19951, Business and Professions Code

Section 12220.20A. Annual Fee as Applied to Those Registered or Licensed Under Chapter 2.1.

- (a) A primary owner who is currently registered or licensed under Chapter 2.1 may also operate as a gambling business and not be required to pay annual fees under Chapter 2.2 if the following conditions are satisfied:
 - (1) The primary owner has paid all Chapter 2.1 annual fees due on the date of the Chapter 2.2 application.
 - (2) The primary owner files an application for registration or licensure under this Chapter and pays the required five hundred dollar (\$500) application fee.
 - (3) Each registrant or licensee affiliated with the primary owner under Chapter 2.1 who wishes to be registered or licensed under Chapter 2.2 pays a one hundred and twenty-five dollar (\$125) fee for this Chapter 2.2 registration or license.
- (b) If an employee works solely as part of a gambling business and does not provide services under Chapter 2.1, then the primary owner shall pay the per registrant or licensee annual fee assessment for that employee pursuant to Section 12220.20.
- (c) If a background investigation of a person has already been performed under Chapter 2.1, and if that person's registration or licensure under Chapter 2.1 is current, then a second background investigation shall not be required under this Chapter.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.21. Compliance.

- (a) Registrants and licensees shall comply with game rules approved by the Division, including but not limited to the rules regarding player-dealer rotation and table wagering.
- (b) Only an authorized player may possess, direct, or otherwise control currency, chips, or other wagering instruments used for play in the operation of the gambling business.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12220.23. Exclusion

- (a) In order to promote the purposes of the Gambling Control Act to provide for effective regulation of gambling enterprises, owner-licensees of gambling establishments shall notify the Commission and Division of, and may exclude from the gambling establishment, any person that the owner-licensee reasonably believes is conducting a gambling business within the gambling establishment without having been registered under this chapter. An owner-licensee acting under this section shall notify the Commission and Division in writing of any such unregistered person and any such exclusion, including the identity of the excluded individuals and entity if known, within ten (10) business days following the exclusion. Upon receiving such notice of an unregistered person, the Commission shall notify the person in writing of the registration requirement of this chapter and shall notify all owner-licensees of the name of the unregistered person, if known, and may condition any subsequent registration of the person under this chapter or Chapter 2.1 of this Division upon a 60 to 90 day suspension of registration or payment of a civil penalty under Business and Professions Code section 19930(c), or both.
- (b) An owner-licensee of a gambling establishment may exclude any registered or licensed gambling business and shall notify the Commission and Division in writing within five (5) days following the exclusion.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19853(a)(3) and 19930, Business and Professions Code

Article 2. Registration

Section 12221. Registration.

- (a) On and after March 5, 2004, no person may engage in a gambling business as an owner or as an employee or independent contractor of an owner, nor may any person obtain a badge as required by Section 12220.3 without a current valid registration issued by the Commission. Persons registered to provide proposition player services under Chapter 2.1 (commencing with Section 12200) of this title are not required to register under this chapter to provide proposition player services pursuant to one or more proposition player contracts approved by the Division pursuant to Section 12200.9 of this title.
- (b) Registration shall be issued for a period of one (1) year to owners and supervisors, and for a period of two (2) years to players and other employees.
- (c) Registration under this Article or its predecessor shall not create any vested right to licensing under Article 3 of this chapter or any successor provision.
- (d) If a primary owner is a corporation, partnership, or other business entity, each owner and individual having a relationship to that entity specified in Business and

Professions Code section 19852, subdivisions (a) to (h), inclusive, shall individually apply for and obtain registration as an owner listed on the business entity's registration certificate.

- (e) Any application for registration of any person, other than as the primary owner, shall designate the primary owner or owners that will employ the applicant or with whom the applicant otherwise will be affiliated.
- (f) If the application is for registration as a supervisor, player, or other employee, the primary owner that will employ the applicant shall be currently registered under this chapter.
- (g) Registration is non-transferable.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Section 19853(a)(3), Business and Professions Code

Section 12222. Application for Registration.

- (a) The application for registration shall designate whether registration is requested as a primary owner, other owner, or employee or independent contractor of the primary owner. The application shall be signed by the individual applicant and the designated agent, or, if the applicant is a business entity, by the chief executive officer or other designated officer of the business entity.
- (b) An application for registration shall include all of the following:
 - (1) Payment of a nonrefundable application fee in the amount of five hundred dollars (\$500).
 - (2) A completed Application for Gambling Business Registration (CGCC-535, Rev. 09/04), which is hereby incorporated by reference.
 - (3) A properly completed Request for Live Scan Service (California Department of Justice Form BCII 8016, rev. 4/01) of an applicant that is an individual, confirming that the applicant's fingerprints have been submitted to the Bureau for an automated background check and response.
 - (4) Two 2x2 inch color passport-style photographs of an applicant that is an individual taken no more than one (1) year before submission of the application to the Commission.
- (c) An applicant that is an individual shall complete and submit the form Gambling Business Registration Supplemental Information (CGCC-536, rev. 06/04), which is hereby incorporated by reference. (d) An applicant for registration shall make full and true disclosure of all information to the Commission and Division as required for the application and as requested by the Commission or Division to carry out the policies of this state relating to controlled gambling.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3) and 19951(a), Business and Professions Code

Section 12223. Processing of Applications for Initial and Renewal Registration.

- (a) The Executive Director shall notify the applicant in writing within twenty (20) days of receiving the application, that the application or resubmitted application is complete and accepted for filing, or that the application or resubmitted application is deficient. If an application for registration is incomplete, the Executive Director shall request in writing any information needed in order to complete the application. The applicant shall be permitted 30 days in which to furnish the information. If the applicant fails to respond to the request, the application shall be deemed abandoned and no further action will be taken on it.
- (b) Upon determination that an application for registration is complete, the application shall be processed within 60 days and the Executive Director shall either issue the registration and the badge applied for or shall notify the applicant of denial and the grounds therefor under Section 12224.
- (c) If the applicant submits a request for withdrawal of his or her application to the Commission, the application shall be deemed abandoned and no further action will be taken on it.
- (d) The Commission shall provide written notice of abandonment of an application to the applicant. If the application is for registration as other than the primary owner, the Commission shall also provide written notice of abandonment of the application to the primary owner.
- (e) Nothing in this chapter shall require the Commission or Division to divulge to the applicant any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12224. Ineligibility for Registration.

An applicant shall be ineligible for registration for any of the following causes:

- (a) An individual applicant is under the age of 21.
- (b) The applicant has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.
- (c) The applicant has, within the ten (10) year period immediately preceding the submission of the application, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by

Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, not including convictions which have been expunged or dismissed as provided by law.

- (d) The applicant has been subject to a final administrative or judicial adjudication revoking a registration under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (e) The applicant would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f).
- (f) The applicant would be ineligible for a state gambling license under Business and Professions Code section 19858.
- (g) The applicant is ineligible based on any other provision of law.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code

Section 12225. Cancellation of Registration.

- (a) Any registration issued in accordance with this chapter shall be subject to cancellation pursuant to this section. A registration shall be cancelled if the Commission determines after a noticed hearing that the registrant is ineligible for registration, has failed in the application for registration to reveal any fact material to the holder's qualification for registration, or has supplied information in the registration application that is untrue or misleading as to a material fact pertaining to the criteria for issuance of registration.
- (b) If the Commission finds that any of the circumstances set forth in subsection (a) apply, then the Executive Director shall immediately do all of the following:
 - (1) Provide written notice to the registrant and the Division of the cancellation of the registration and the grounds thereof, and provide written notice of the cancellation to the primary owner, if the registrant is not the primary owner and to all gambling establishments.
 - (2) Notify the registrant, if an individual, that he or she is required to surrender the registrant's badge to the Commission not more than ten days following the date that the notice of the cancellation was mailed or such greater time as is authorized by the Executive Director.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code.
Reference: Section 19853(a)(3), Business and Professions Code

Section 12225.1. Transition to Licensing.

- (a) The Division shall summon persons registered as primary owners, owners, supervisors, players, and other employees for the purpose of applying for licenses under this chapter. The Division shall summon primary owners, owners, supervisors, players, and other employees as expeditiously as possible in light of available program resources. The registration of any registrant that fails or refuses to submit a Request for Conversion of a Gambling Business Registration to a License (CGCC-537, New 06/04))(see section 12233(c)) including any fees to the Commission within 30 days of receiving a summons from the Division shall expire by operation of law on the following day. Prior to and during review of a request to convert a registration to a license, a registration shall remain valid and may be renewed by the registrant as necessary, upon application and approval of renewal of registration.
- (b) If the registration expires by operation of law, the former registrant shall submit a new request to convert a registration to a license and a new nonrefundable application fee.
- (c) The transition from registration to licensing for applications approved prior to April 30, 2004, shall be completed no later than July 1, 2007.
- (d) Except as provided for in subsection (b), a request to convert a registration to a license shall require only payment of a sum of money that in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.
- (e) If a license is issued, it will expire as provided in Section 12237 (Term of License).

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19853(a)(3), 19867, Business and Professions Code

ARTICLE 3. LICENSING

Section 12233. Request to Convert Registration to License.

- (a) A request to convert a registration to a license shall be submitted to the Commission only in response to a written summons from the Division to a primary owner pursuant to Section 12225.1. Each primary owner's request shall be accompanied by the requests of all affiliated owners, supervisors, players, and other employees.
- (b) The request to convert a registration to a license shall designate whether the license is requested as a primary owner, owner, supervisor, player, or other employee. The request shall be signed by the individual requester or, if the requester is a business entity, by the chief executive officer or other designated officer of the business entity.

- (c) The request to convert a registration to a license shall include all of the following:
 - (1) A completed Request for Conversion of a Gambling Business Registration to a License (CGCC-537, New 06/04), which is hereby incorporated by reference.
 - (2) Two 2x2 inch color passport-style photographs of a requester that is an individual taken no more than one year before submission of the request to the Commission.
 - (3) The supplemental information package as defined in Section 12220.
 - (4) A sum of money that, in the judgment of the Director of the Division, will be adequate to pay the anticipated investigation and processing costs, in accordance with Business and Professions Code section 19867.
 - (5) A copy of the summons issued by the Division.
 - (d) Nothing in this chapter shall require the Commission or Division to divulge to the requester any confidential information received from any law enforcement agency or any information received from any person with assurances that the information would be maintained as confidential. Nothing in this chapter shall require the Commission or Division to divulge any information that might reveal the identity of any source of information or jeopardize the safety of any person.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19853(a)(3) and 19867, Business and Professions Code

Section 12234. Withdrawal of Request to Convert Registration to License.

- (a) A request for withdrawal of a request to convert a registration to a license may be made at any time prior to final action upon the request by the Director by the filing of a written request to withdraw with the Commission. For the purposes of this section, final action by the Division means a final determination by the Director regarding his or her recommendation on the request to the Commission.
- (b) The Commission shall not grant the request unless the requester has established that withdrawal of the request would be consistent with the public interest and the policies of the Gambling Control Act and this chapter. If a request for withdrawal is denied, the Division may go forward with its investigation and make a recommendation to the Commission upon the request, and the Commission may act upon the request to convert as if no request for withdrawal had been made.
- (c) If a request for withdrawal is granted with prejudice, the requester thereafter shall be ineligible to renew its request until the expiration of one (1) year from the date of the withdrawal. Unless the Commission otherwise directs, no payment relating to any request is refundable by reason of withdrawal of request.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Sections 19853(a)(3) and 19869, Business and Professions Code

Section 12235.

Processing Times--Request to Convert Registration to License.

- (a) Except as provided in subsection (b), a request to convert a registration to license submitted pursuant to this chapter shall be processed within the following timeframes:
- (1) The maximum time within which the Commission shall notify the applicant in writing that a request or a resubmitted request is complete and accepted for initial processing by the Commission, or that a request or a resubmitted requested is deficient and identifying what specific additional information is required, is 20 days after receipt of the request. For the purposes of this section, “request” means the form Request for Conversion of a Gambling Business Registration to a License (CGCC-537, New 06/04), which was incorporated by reference in Section 12233. A request is not complete unless accompanied by both a copy of the summons from the Division setting a deadline for filing the request with the Commission and the supplemental information package required by section 12233(c)(3) for review by the Division pursuant to paragraph (3) of this subsection (a) for persons affiliated with the primary owner to whom the summons was addressed. The supplemental information shall not be reviewed for completeness by the Commission.
 - (2) A request and the supplemental information package shall be forwarded by the Commission to the Division for processing within ten (10) days of the date that the Commission determines that the request is complete.
 - (3) The Division shall review the supplemental information package submitted for completeness and notify the applicant of any deficiencies in the supplemental information package, or that the supplemental information package is complete, within 45 days of the date that the request and supplemental information package are received by the Division from the Commission. Notwithstanding this subsection, subsequent to acceptance of the supplemental information package as complete, the Division may, pursuant to Business and Professions Code section 19866, require the requester to submit additional information.
 - (4) Pursuant to Business and Professions Code section 19868, the Division shall, to the extent practicable, submit its recommendation to the Commission within 180 days after the date the Division is in receipt of both the completed request pursuant to paragraph (2) of this subsection (a) and the completed supplemental information package pursuant to paragraph (3) of this subsection (a). If the Division has not concluded its investigation within 180 days, then it shall inform the applicant and the Commission in writing of the status of the investigation and shall also provide the applicant and the Commission with an estimated date on which the investigation may reasonably be expected to be concluded.
 - (5) The Commission shall grant or deny the request within 120 days after receipt of the final written recommendation of the Division concerning the

request, except that the Commission may notify the applicant in writing that additional time, not to exceed 30 days, is needed.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3) and 19868, Business and Professions Code

Section 12236. Ineligibility for Licensing.

A requester shall be ineligible for licensing for any of the following causes:

- (a) An individual applicant is under the age of 21.
- (b) The requester has been convicted of any felony, including a conviction in a court of the United States or any other state of an offense that is classified as a felony by the laws of this state.
- (c) The requester has, within the ten (10) year period immediately preceding the submission of the request to convert, been convicted of a misdemeanor involving a firearm or other deadly weapon, gaming or gaming-related activities prohibited by Chapter 9 (commencing with Section 319) or Chapter 10 (commencing with section 330) of Title 9 of Part 1 of the Penal Code, violations of the Gambling Control Act, or dishonesty or moral turpitude, unless the applicant has been granted relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45, provided, however, that the granting of relief pursuant to Penal Code section 1203.4, 1203.4a, or 1203.45 shall not constitute a limitation on the discretion of the Commission.
- (d) If the request to convert is for licensing as an owner, supervisor, or player, the requester has been subject to a final administrative or judicial adjudication revoking a registration or license under this chapter or a state gambling license, key employee license, work permit or finding of suitability or has had an application denied under this chapter or the Gambling Control Act.
- (e) The requester has failed to meet the requirements of Business and Professions Code sections 19856 or 19857.
- (f) The requester would be ineligible for a state gambling license under any of the criteria set forth in Business and Professions Code section 19859, subdivisions (b), (e), or (f).
- (g) The requester would be ineligible for a state gambling license under Business and Professions Code section 19858.
- (h) The applicant is ineligible based on any other provision of law.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code

Reference: Sections 19853(a)(3), Business and Professions Code

Section 12237. Term of License.

- (a) All initial licenses shall be issued for a period of two (2) years.
- (b) Due to nonrecurring workload problems associated with the processing of the first round of requests to convert registrations to licenses, all other initial licenses that are granted within three (3) years of the effective date of these regulations shall be issued for a period of two (2) years.
- (c) Beginning July 1, 2007, all initial and renewal licenses shall be issued for a period of one (1) year, except for player and other employee licenses, which shall be issued for a period of two (2) years.

Authority: Sections 19840, 19841, and 19853(a)(3), Business and Professions Code
Reference: Section 19853(a)(3), Business and Professions Code